

here. They are on their way to New York to receive a well-deserved award for their common commitment to democracy and reform. They have supported both, steadfastly and with great courage and consistency. And I have personally enjoyed very much the relationship that we have had working together on the Partnership For Peace concept and in many other areas, and I look forward to their progress.

And I congratulate the people of Hungary and the Slovak Republic for their steadfastness, even in the face of great difficulty, and their leaders for their genuine leadership ability. So, it's a great honor for us to have them here in the White House. And we will be talking about the role the United States will be playing with them and the other countries of Central and Eastern Europe, now and in the years ahead, in this meeting.

Partnership For Peace

Q. Mr. President, is Russia going to sign the Partnership For Peace tomorrow in Brussels, that you know of?

The President. We hope so. We hope they will be doing it in the next few days. I'm not sure exactly whether all the details have been worked out. But when President Yeltsin and I spoke a couple of days ago about the Korean

matter, we talked a bit about that. And I expect them to join the Partnership For Peace sometime in the next few days.

North Korea

Q. And have you opened up a channel to North Korea in the aftermath of former President Carter's—

The President. Well, we have a channel of communications to them. And we have followed up President Carter's statements to me and his letter of understanding with a communication to the North Koreans, and we will be waiting to hear back. And we expect and hope to hear back within a couple of days about whether President Carter's understanding of what they said is correct.

Legal Defense Fund

Q. President Clinton, have you decided whether to launch a legal defense fund?

The President. I have nothing to say about that.

NOTE: The President spoke at 10:44 a.m. in the Oval Office at the White House. A tape was not available for verification of the content of these remarks.

Remarks to the Business Roundtable June 21, 1994

Thank you very much, John. I'm trying to fix this lectern, if you're wondering what I'm doing up here. I'm proving that I don't have sufficient mechanical skills. *[Laughter]*

I want to thank John for his leadership as the chairman of this distinguished group and welcome the incoming chair, John Snow, with whom I just shared a few words about some of our common interests in Europe. I'd also like to say a special word of appreciation to two of your members for working on issues that we share a common concern about, Joe Gorman, who's chairing your session on education, and Larry Perlman, who's chairing the work force development section and discussing the reemployment act that he's helping us to work on and about which I wish to talk today. I want to thank the Business Roundtable for sharing

a belief with me and with our administration that we have to move aggressively to embrace the challenges of the global economy. That, after all, is why we worked hard on the North American Free Trade Agreement and why we are working together to pass the GATT agreement.

I also want to thank you for our common understanding of a simple but powerful truth, which is that even as we lower barriers to trade around the world, we must work hard to lift our people up here at home so that they can compete and win and carry on their work and build their lives. Investing in our people's God-given potential is good economics. You know that, and I do. It pays off in higher productivity, more incomes, a competitive edge for our com-

panies and our country in the global marketplace. We talk about this all the time in the White House. I see my Chief of Staff, Mr. McLarty, and our Economic Adviser, Mr. Rubin; the Deputy Treasury Secretary, Mr. Altman, is here. There may be others here from the administration. These are things that we say all the time in our meetings. I appreciate the work that you did in helping us to pass the Goals 2000 legislation, one of the most important education reforms in a generation in this country. When we work together, we can do things that help America prepare for the future.

I think today is an especially appropriate day for me to be here, speaking with you about how we can better prepare our country for change. Fifty years ago tomorrow, as the Allied armies advanced from the beaches of Normandy, President Roosevelt signed a bill that was called the Servicemen's Readjustment Act, better known as the GI bill of rights. Just as D-Day was the greatest military action in history, the GI bill arguably was the greatest investment in our people in American history. Its legacy is the world's largest middle class, the world's strongest economy. Its lesson is, in large measure, the mission of our administration: If you give people a chance to help themselves, they'll do it and they'll do extraordinary things.

Before World War II, our country often failed to prepare returning veterans after wars. We gave them pensions and bonuses, but they had nothing left to build their future with. That's why jobless and despairing veterans of World War I actually marched on Washington in 1932, why President Roosevelt declared that the GI bill, quote, "gave emphatic notice to the men and women of our Armed Forces that the American people do not intend to let them down."

We know why the GI bill didn't let them down. It relied on American values of work and responsibility. It offered a hand up, not a handout. The veterans of World War I, by contrast, got a handout. To be sure, one they earned and one the country was grateful for, but they got cash and a train ticket home. But the veterans of World War II got a ticket to the future instead. Uncle Sam helped them to go to college, to get job training, to finance homes and businesses of their own. But it was up to them to seize the opportunities. They did, and all of us are the better.

The GI bill helped 8 million returning veterans begin that journey. They flooded colleges

and trade schools: 450,000 veterans became engineers; 360,000 became school teachers; 240,000 became accountants; 180,000 became doctors and nurses; 150,000 became scientists. Millions more bought homes or built businesses. Maybe some of them are among you who invited me here to be with you today.

We really can't even begin to calculate how much our Nation was enriched by the GI bill, how many communities sprung up, how many companies prospered, how many families earned their share of the American dream. This much we do know: Together all those people built the American middle class that has been the bulwark of our prosperity since World War II.

Fifty years after the signing of the GI bill, the world's changed a lot. Our economy has clearly changed. But what it takes for our people to meet the challenges of today and tomorrow has not changed. Now as then, we stand at a pivot point in history. In the five decades between, our country mustered another great international commitment, the commitment to stand strong in the cold war. That succeeded. Now we see a world economy taking shape where investment and information flow rapidly across national borders. Competition for jobs and incomes is international and highly intense. And once again, we are being called upon to decide our future.

I have a vision, a mission, a strategy for how I believe all this should take place; how we can move forward in the 21st century; what the partnership between Government and business ought to be; what the whole atmosphere in this country, the feeling about our mission ought to be. I must say, it doesn't fit very well into the established categories of left and right and liberal and conservative and Democratic and Republican. And I feel frustrated sometimes at my ability to pierce the atmosphere that prevails here. But it is clear to me that if we are going to make a future that is consistent with our values, we're going to have to do it with a different approach.

Still, it has to be built on the spirit that animated the GI bill: Give Americans the chance to make their own lives in this fast-changing world so the changes can be their friends and not their enemies. To do it we have to move on many fronts. We have to create an environment where business can create new jobs and new growth. We have to open markets for our goods and services, for our companies and our

workers. We have to invest in our people's work and security.

When I assumed this office, the deficit had been increasing exponentially for 12 years; trade agreements were stalled; job growth was agonizingly slow; consumer confidence was shaky. We were actually facing the prospect that, for the first time, a generation of Americans would grow up to a future that was more limited than that which their parents enjoyed.

I adopted a strategy to, first, work on expanding the economy and getting our own economic house in order; second, to make Government work for ordinary citizens and end gridlock; third, to empower people and strengthen communities; and fourth, to secure our role in the world, defending our fundamental security interests, expanding our economic interests, promoting democracy, human rights, and limiting the spread of destructive chaos arising out of ethnic and other hatreds.

The atmosphere, frankly, here has been more hostile to change than I had imagined it would be. The American people desperately wanted change but were often unwilling to listen to the complex debates and make the difficult decisions that are inherent in it. And this town still is, in my judgment, too partisan, too negative, too obsessed with process and conflict instead of results and progress, too interested in blame, and too little interested in responsibility.

Nonetheless, we have been able to put together an economic strategy for putting our house in order, making hard decisions that will make it possible next year, for the first time since Truman was President, to have 3 years in a row of deficit reduction, eliminating over 100 Government programs outright, cutting 200 others, cutting domestic discretionary spending—that's everything besides Social Security, Medicare, and Medicaid, the other entitlements—cutting discretionary spending on the domestic side, not just defense, for the first time in 25 years.

All of that will enable us to reduce the deficit 3 years in a row for the first time since the Truman Presidency. It means we've had to slash the Federal Government, to bring more responsibility into the budgeting process. We completed the budget by the May 15 deadline for 2 years in a row for the first time in 17 years.

We are making progress. We've adopted a very aggressive attitude on trade, which you've been a part of, as all of you know: NAFTA,

GATT, the APEC meetings—I'm going to a second one in Indonesia this fall—a hemispheric summit at the end of the year with all the leaders of the Latin American democracies. And 33 of the 35 countries in Latin America, along with the United States, are now headed by elected governmental officials.

We've now got the first investment-led, low-inflation-based economic recovery since the early 1960's. In addition to that, we have worked hard to make Government work. With the reinventing Government program that the Vice President has spearheaded, at the end of 5 years, we will have a Federal bureaucracy that has 250,000 fewer Federal employees and is under 2 million in civilian workers for the first time since the Kennedy Presidency.

We have Federal agencies that are working again in fundamental ways to engage the business community in the growth of the economy all around the world. The Export-Import Bank—I see Mr. Brody over there. I don't know how many businessmen have come up to me and said, "For the first time in my life, I travel overseas and I see the State Department and the Commerce Department actually working together trying to promote American business interests. And I appreciate it."

The Small Business Administration has been virtually revolutionized in the way it works with small businesses. You can now apply for a loan on a one-page form. People talk to me everywhere I go in America about the emergency management agency, FEMA, of the Federal Government, saying it finally has become the shining light of what a Government ought to be when people are in trouble instead of just a pain in the neck that has to be dealt with. We are trying to make Government work.

The Congress has before it major campaign finance reform and lobby reform legislation that has passed both Houses of the Congress, awaiting now a conference that will iron out the differences and send that to me for signature.

Maybe most important of all, in spite of everything, gridlock is being dealt with. Last year, the Congress passed the Brady bill and the family leave bill after 7 years of gridlock. We got agreement among the great nations on GATT after 7 years of debate. This year the Congress is going to pass a crime bill after 6 years of gridlock, one that will be the most sweeping anticrime legislation ever adopted by the Congress: 100,000 more police officers on our

streets, tougher punishment, innovative prevention programs, a ban on assault weapons that people said could never be passed over the opposition of the NRA.

And at the end of last year, according to non-partisan sources, we had the best first year in working with Congress of any Presidency since the end of World War II, except the Eisenhower first year and President Johnson's first year, which were about the same. And if I may be forgiven a little bit of bragging rights, I think the things we tried to do and the atmosphere in which we tried to do them were far more difficult.

So we are trying to make Government work. I say that to say that, yes, there have been some good results. And a lot of them are because you did a lot of work in the 1980's and the early nineties to become more productive and to be more competitive. And in the first 16 months of this administration, over 3 million new jobs in the private sector came into this economy, 2½ times as many than in the previous 4 years alone. We had, the first quarter of this year, the first time in well over a decade when there was no bank failure in a quarter. There were more incorporations of new businesses than at any time since World War II in 1993.

But I will say again, we can do these things, and unless we also empower our people to deal with the challenges of the global economy, as we did with the GI bill, we're going to have a tough time.

With your help and support, a lot of things have already been done. A bigger and better Head Start program will improve the quality of the program and serve 40,000 more children this year and 90,000 more children next year than were being served previously. Goals 2000 will link grassroots reform with world-class standards for our public schools, the first time we have ever had any national standards for achievement.

The School-to-Work Opportunities Act will help high school students learn real skills and provide America with better trained, higher skilled workers. Student loan reforms, which the Secretary of Education, who's here, has done so much to administer, will make it possible for 20 million American students to repay their loans—some \$50 billion of them—on more favorable terms and make it possible for students in the future to borrow money to go to college

at lower interest rates and better repayment terms. But it will make it harder for them to avoid paying their bills.

These things are very hopeful signs. The national service program, AmeriCorps, will make it possible for 20,000 young people to serve their country at the grassroots level and earn money to go to college this year; the year after next, 100,000 young Americans doing that. The Peace Corps in its largest year had 16,000 Americans serving. This national service program literally has the potential to change the way our young people think about themselves, their country, and their role as citizens.

So many of you have helped us on all these issues. And this summer, we're going to have two or three more things that I want to ask you to help us on. First of all, as I go to the G-7 conference, there will be a lot of discussion about GATT. Everybody that I know sort of treats GATT as if it's already done. But as you know, the Congress has not yet passed the enabling legislation. I will submit that legislation implementing the agreement this summer. We have worked very, very hard on meeting the strict budget rules to find a way to pay for GATT. You and I know GATT will make the Government money, but under our budget rules, we have to pretend that it's going to cost us money because we're getting rid of tariffs.

I want to urge you in the strongest possible terms: Do everything you can to persuade the Congress to give this high priority, to pass it with as little controversy and as little delay as possible, and to move on it this year. Only the United States, of all our trading partners, has to go through the budget hoops we do to pass GATT. All of our trading partners look at me and say, "You're the person that got us all together and made us do this last year. How can you not ratify it?" We need your help, and we must do it this year, not next year.

Secondly, I ask for your help to pass the re-employment act which will change the whole way our unemployment system works. It will turn a bewildering array of training programs into a system where workers who lose their jobs can present themselves at a one-stop service center and get the guidance, the training opportunities, and the information they need for real jobs in the private sector. The boards that supervise these programs will be controlled by people who know most about the opportunities, the pri-

vate sector. And I want Congress to enact that this year. This is very, very important.

The average person does not go back to the job from which he or she is laid off, but the unemployment system is still built on the premise that they do. The consequence of that is that employers pay too much in unemployment for people to just hang around on the system instead of prepare to take new jobs, and employees spend too much time doing just that instead of moving more quickly into a new economy. We can change this, but we need to do it this year.

Let me finally say that, on this issue, a lot of you have expressed support to me personally for the welfare reform efforts. Whether that can pass this year or not depends upon how much fire it catches in Congress and how much controversy we can avoid in how to fund it. But we have to change the culture of welfare. And this program that I have presented to Congress, along with the others that have been presented, go right at the heart of parents who don't pay child support they owe, to the heart of the teen pregnancy problem, to the heart of requiring people to work once they have the skills to do so. And I hope you will continue to support that.

Now, despite all these efforts, I have to tell you that I do not believe that the American people, as individuals, will be able to embrace the changes of the global economy as successful workers unless and until we address the health care crisis.

This goes to the heart of our debate on all of the other things in the strategy I outlined. It goes to the heart of whether we can get our own economic house in order. It goes to the heart of whether we can make Government work for ordinary people. It goes to the heart of whether we can empower people to view change as a friend instead of an enemy. Unless we can provide coverage for every American in a reform system which focuses on both quality and control of costs, the deficit will grow, your costs will continue to grow and undermine productivity, and more and more Americans will lose their coverage or be at risk.

Let me briefly discuss this whole thing from my point of view, from your point of view, and from the American citizen's point of view, from a worker's point of view.

From my point of view, as the President in charge of the budget, I've worked hard to get

this deficit down for 3 years in a row for the first time since Truman was President. I have done things that people who say they're more conservative than me talk about but don't do. We're eliminating over 100 Government programs. We're cutting 200 others. We're reducing discretionary spending for the first time in 25 years and still with the discipline to increase investment in education and new technologies and training. We have reduced defense all we can reduce it. And I think we are right at the margin, and we should not reduce it any more, given the challenges we face in this economy.

A lot of you will probably be called to testify or to support the work of Senator Kerrey, Senator Danforth, and others in this entitlements commission, because you know that the only thing that is increasing our deficit now is entitlements. But keep in mind, when you strip all that away, some of the entitlements are going down; Social Security is going up only with the rate of inflation and is roughly the same percentage of our GDP it was 20 years ago. The only part of the entitlements going up much more rapidly than inflation are Medicare and Medicaid, the Government's programs for the elderly and the poor.

And I can tell you that unless we can bring them in line with inflation, we will be forced to either let the deficit go up again, raise taxes more than we should, or cut our investment in public investment, in things you support, to a dangerously low level in a global economy. So that's what it looks like from my point of view, just from a budget perspective.

From your point of view, you know already that the Government does not reimburse Medicare and Medicaid providers at 100 percent of cost, so the costs are being shifted to you. The other people who are shifting costs to you are businesses and employers who do not have health insurance but who get health care. They are shifting the cost to you.

Now, if our deficit goes up, and we have to bring the deficit down, and we cut Medicare and Medicaid without fundamental reform, we're going to shift more cost to you. And you will be put in the position of paying more or covering less. And keep in mind, in the last 3 years, 3 million American workers have lost their health insurance. There are 3 million more Americans without health coverage today than there were 3 years ago. You are also paying for them in cost shifting.

So unless we have comprehensive reform, you will be put in the position of someday coming to the end of how much you can do managing your health care costs on your own—which you’ve done a very good job of, almost all of you. And you will be facing the cost shift coming at you from the Federal Government and from the increasing numbers of employers who don’t provide any coverage.

Now, the third and the most important thing of all: What does this look like if you’re out there working in this country, and you hadn’t had much of a pay increase in the last 10 years, but you know that your country’s becoming more competitive, and you’re excited about the 21st century, and you know that you’re raising children who will have to change jobs eight times in a lifetime? What are you going to do?

If you’re a man and you have a premature heart attack, or your wife gets breast cancer, your kid develops some strange disease, and you have a preexisting condition, and you’re being told, “It’s a brave new world out there. Don’t worry if you have to change jobs. Just get some new retraining. You’ll do fine.” And then it turns out nobody wants to hire you because you’ve got a preexisting condition.

Oh, I know there are those who say we can just legislate these things. We’ll just legislate the insurance reforms, say you can’t discriminate against anybody, and it will be fixed. Look at the study that many of my adversaries in the Congress on this issue keep citing, the Lewin VHI study. They say that all you can get out of insurance reforms is coverage in the short run for 2.2 million more people. You look at the experience of New York that tried to mandate insurance reforms alone. What happens? A lot of people’s insurance goes up, and a lot more people opt out of the system.

I say, if you look at the rest of the world and you look at us, we have 81 million Americans out of a population of only 255 million, 81 million of us live in families with people who have preexisting conditions. But they all still need to be able to change work seven times in a lifetime.

Thirty-nine million of us do not have health insurance. There is no compelling evidence that we can both have quality and cost control and stop cost-shifting in the absence of covering everyone. There is no compelling evidence. The Lewin VHI study, so often cited by those who say, “Well, we could get 91 percent coverage

in America, up from 83 percent, covering 97 percent of the cost of health care if only we did this stuff, which doesn’t require employer mandates or of some other universal coverage”—that’s being talked about. But if you notice, there’s not been a bill really pushing that. Why? Because when you strip it away, you see that it costs literally hundreds of billions of dollars over the next 5 or 6 years to finance that in massive subsidies which basically benefit poor people, most of whom are not working, some of whom are working, and does nothing for middle-class workers. Which means to do that instead of an employer mandate, we would have to go back and raise the heck out of everybody’s taxes, which we are not about to do. At that level it would not be fair.

Now, how is it that every other advanced country in the world and all of our competitors—we’re only too happy to learn from our competitors in every other way, and we’re very proud when we beat our competitors. And I don’t know how many of you have told me personally, “We’re better now than anybody else in the world at what we do. And we went through all kinds of agonies in the eighties, and we faced all these challenges, and now we’re better than our competitors.”

Well, our competitors, not a single, solitary one of them spends more than 10 percent of GDP on health care. We spend 14, and we’re the only people that can’t figure out how to cover everybody. Now, I refuse to declare defeat. Why should we jump in the tank?

I heard the messages about what people didn’t like about our original proposal: Don’t put restrictions on experimental drugs; don’t make businesses go into alliances if they don’t want to, let it be voluntary, people know their own interests; let multistate businesses have an approach which makes sense for all their employers. We’re making the changes that we heard people complain about. Those changes are being made. We know we needed to make some changes. But if you remember, when I offered my health care plan, I said, “This is not the end-all and be-all. It’s the beginning of a debate.” But what we need to decide is whether we’re going to walk away from this session of Congress without the debate.

Harry Truman said 50 years ago, Americans will never be secure unless we did something about health care. Everybody thinks of Harry Truman now as the fount of all wisdom. I come

from a family that liked him when he was unpopular. *[Laughter]* But most Americans didn't like him too much at the time. He kept telling them uncomfortable truths. He was right 50 years ago, and it's still true. So, yes, we need to make some changes in the original proposal I made. We put them out there. But what we need is a quick, honest, forthright debate. We need to deal with this issue this year because until we do, we will continue to spend a higher percentage on health care than our competitors; you will continue to have costs shifted to you; your Government will continue to face the agonizing choice of continuing to spend more and more of your tax money on entitlements, less on investment, and still increasing the deficit and still shifting costs to you.

So, I ask you, enter the debate and just tell people what you have to do every day in your own businesses. You get a real hard decision; if you don't want the thing to collapse, you can't walk away. And almost always, you make a decision that is less than perfect but is better than making no decision.

So I ask you, help me pass the reemployment bill. Help us pass GATT. Help us pass welfare reform. But don't walk away from health care. The numbers are big; they're enormous. And we can't tell an average American, can't tell a mother on welfare, "Get off of welfare and take a job so you can lose your children's health insurance and start paying taxes for people to pay for their kids' health care who stayed on welfare." We can't tell a worker, "Give up your job security and find a new security in your mind, in your ability to learn and change," if your illness or the illness of someone in your family will put you out of the job market. We must not ask people to choose between being good parents and good workers. We cannot ask people to risk their children's health to participate in the global economy. And most importantly, we can't just keep working with a system that is fundamentally flawed that we can fix. We can look around the world; we know there

are all kinds of fixes here. We may have to do more for small business; I'm willing to do that. We may have to do more, and we should, to make the thing less regulatory; I've already made a lot of those changes. But let us not walk away.

When I spoke at Normandy a couple of weeks ago, in the greatest honor of my Presidency, to represent our country in commemorating the 50th anniversary of D-Day, the thing that overwhelmed me about that was that people did what they had to do because there was no option, and they measured up and literally saved the world. And that in that moment, there was no option to be cynical. There was no luxury available for people to avoid the decisions before them, and they did not have the option to be cynical.

Today, I tell you, we have fundamental decisions to make about what kind of people we are going to be into the future. Walking away is an option that's not really there. Being cynical or negative is always an option that's there, but it's something we pay a terrible price for. This country can do what we have to do. We have to be what the people that led the D-Day invasion were; they were called Pathfinders, the people that went first. That's what we're being asked to do.

You live in an age which glorifies commerce and success and international trade more than any other in the lifetime of anybody in this room. Therefore, you have enormous responsibilities. And you have to light the path to the future in the way that the GI bill did 50 years ago. We can do it. We can do it if we make the right choices.

Thank you very much.

NOTE: The President spoke at 12:55 p.m. in the Grand Ballroom at the J.W. Marriott Hotel. In his remarks, he referred to John Ong, outgoing chair, and John Snow, incoming chair, Business Roundtable.